

Message Text

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INFO OCT-01 ISO-00 /001 R

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C O N F I D E N T I A L STATE 080436

E.O. 11652: GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

1. ISRAEL: PERES ACCEPTS NOMINATION WITH DOVISH SPEECH

SHIMON PERES ACCEPTED THE ISRAELI LABOR PARTY'S NOMINATION
FOR PRIME MINISTER YESTERDAY AMID INDICATIONS THAT HE
MAY FOLLOW A SOFTER LINE ON PEACE NEGOTIATIONS AS HEAD
OF A NEW GOVERNMENT THAN HE DID AS A RIVAL OF PRIME
MINISTER RABIN. PERES DENIED THAT HE WAS THE CANDIDATE
OF ANY FACTION AND SAID HE WOULD PURSUE A PEACE BASED ON
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TERRITORIAL COMPROMISE ON ALL FRONTS. PERES MADE NO
MENTION OF MAPAM, BUT HE HAD APPEALED TO THE MAPAM
LEADERSHIP EARLIER IN THE DAY TO REMAIN IN THE ALIGNMENT--
A DECISION THE MAPAM CENTRAL COMMITTEE IS SCHEDULED TO
MAKE TODAY.

EMBASSY TEL AVIV BELIEVES THAT ABBA EBAN IS LIKELY TO

RETURN AS FOREIGN MINISTER AND THAT YIGAL ALLON WILL BECOME DEFENSE MINISTER IF LABOR WINS THE MAY 17 ELECTIONS. THE EMBASSY'S INITIAL ASSESSMENT OF THE IMPACT OF PERES' NOMINATION SUGGESTS THAT:

--IN FOREIGN AFFAIRS, PERES WILL HAVE DOVISH ADVICE FROM EBAN AND ALLON TO COUNTERACT THE MORE HAWKISH INFLUENCE OF HIS MENTOR, MOSHE DAYAN. PERES IS KNOWLEDGABLE ABOUT AND SEEMINGLY WELL-DISPOSED TOWARD THE US.

--DOMESTICALLY, LESS DAMAGE WILL BE DONE TO THE LABOR PARTY BY RABIN'S RESIGNATION THAN WAS EXPECTED, SINCE VOTERS ARE LIKELY TO BE IMPRESSED BY THE PARTY'S SMOOTH TRANSFER OF POWER.

--RABIN MAY NOT BE FINISHED POLITICALLY; HE WAS CHEERED BY BYSTANDERS, REFERRED TO BY PERES AS "IN THE MIDDLE OF HIS CAREER," AND GIVEN A SAFE PLACE ON THE PARTY'S LIST FOR THE KNESSET ELECTIONS. (CONFIDENTIAL) TEL AVIV 2504, 4/10.

2. REACTION MUTED TO LEGALIZATION OF SPANISH COMMUNISTS

EMBASSY MADRID REPORTS THAT REACTION IN SPAIN TO THE LEGALIZATION OF THE COMMUNIST PARTY (PCE) HAS BEEN LARGELY POSITIVE, WITH MOST COMMENTS BY THE PRESS AND POLITICIANS FOLLOWING PREDICTABLE PARTISAN LINES. BOTH THE LEFT AND THE CENTER APPEAR TO ACCEPT THE DECISION AS CONFIDENTIAL

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APPROPRIATE, WHILE FALANGIST GROUPS AND A MAJOR NEWSPAPER CLOSE TO IRIBARNE FRAGA'S CENTER-RIGHT "ALIANZA POPULAR" OPPOSE IT. THE EMBASSY BELIEVES THE MILITARY MUST HAVE AGREED TO THE DECISION, AND SUGGESTS THAT IT MAY PROVE A TACTICAL ELECTORAL SUCCESS SINCE IT WILL:

--"DEMYTHIFY" THE COMMUNISTS;

--DEMONSTRATE THAT ACTUAL PCE STRENGTH IS QUITE SMALL; AND

--REDUCE TENSIONS BETWEEN THE GOVERNMENT AND THE LEFT OPPOSITION. (LIMITED OFFICIAL USE) MADRID 2678, 4/10.

3. EGYPT SAYS GULF STATES AGREE TO MAJOR DEBT AID

EGYPTIAN DEPUTY PRIME MINISTER FOR ECONOMIC AFFAIRS KAISOUNI TOLD THE KUWAITI PRESS ON APRIL 8 THAT KUWAIT

AND OTHER MEMBERS OF THE GULF ORGANIZATION FOR THE
DEVELOPMENT OF EGYPT (GODE) HAVE AGREED TO HELP CAIRO
PAY ITS FOREIGN DEBTS BY:

--POSTPONING THE WITHDRAWAL OF \$2 BILLION IN DE-
POSITS FROM EGYPT'S CENTRAL BANK;

--MAKING AVAILABLE \$1.5 BILLION FROM THE ORGANI-
ZATION'S CAPITAL FUND; AND

--FORMING AN INTERNATIONAL CONSORTIUM TO AID EGYPT,
TO INCLUDE FOUR GODE MEMBERS, THE EC-9, JAPAN AND
IRAN.

KAISSOUNI SAID THE DELAY IN WITHDRAWAL OF THE ARAB
DEPOSITS WOULD HELP EGYPT PAY OFF ITS EXTERNAL DEBTS
WITHIN FOUR YEARS. HOWEVER, EMBASSY KUWAIT REPORTS THAT
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THE FINANCE MINISTRY REFUSED ON APRIL 9 TO CONFIRM THAT
THE DEPOSITS WOULD NOT BE WITHDRAWN, PERHAPS INDICATING
THAT KAISSOUNI'S COMMENTS ARE SOMEWHAT PREMATURE.
(LIMITED OFFICIAL USE) KUWAIT 1876, 4/10.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MORNING SUMMARY
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE080436
Document Source: CORE
Document Unique ID: 00
Drafter: O: SMITH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770125-0287
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770469/aaaachyw.tel
Line Count: 144
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 50b42fa7-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SSO
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2841072
Secure: OPEN
Status: NATIVE
Subject: MORNING SUMMARY OF SIGNIFICANT REPORTS
TAGS: PFOR, XX
To: NSA JCS MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/50b42fa7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009